

BUSINESS PLAN 2017–20

Municipal Affairs

ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of March 3, 2017.

original signed by

Shaye Anderson, Minister

MINISTRY OVERVIEW

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Municipal Government Board, the New Home Buyer Protection Board, the Special Areas Board, and seven improvement districts – all of which are accountable to the minister.

A more detailed description of Municipal Affairs and its programs and initiatives can be found at www.municipalaffairs.alberta.ca.

STRATEGIC CONTEXT

The outcomes and key strategies identified in this business plan are aligned with the strategic direction of the Government of Alberta.

Municipal Affairs is continuing to build a new relationship with municipalities that strengthens Alberta's communities and provides opportunities for Albertans to succeed.

The following issues, trends, opportunities and challenges provide a strategic overview of the environment within which Municipal Affairs operates.

Population and Economic Shifts

Alberta's population is growing older due to lower fertility rates and rising life expectancies creating an aging population. As well, the impact of the baby boom generation will accentuate the shift toward an older population. Diversity in Alberta's population is expanding as international migration is becoming a key driver of population growth in the province. Urban centres continue to experience stronger population growth, which can create unique challenges for larger cities.

Alberta continues to feel the impact of the global oil price collapse. The economic challenges have spread beyond the energy sector to housing, retail activity, construction, labour markets, and manufacturing. These shifts put pressure on municipalities to meet changing local needs and on the ministry to ensure municipalities have access to the necessary tools and resources to respond to these needs and to plan for sustainable growth.

Increasing Complexity

Municipal Affairs operates in an increasingly complex environment. The ministry and municipal governments are increasingly seen as vehicles for achieving key provincial objectives, including the Climate Leadership Plan, United Nations Declaration on the Rights of Indigenous Peoples and other Indigenous issues, affordable housing, and economic development.

Municipal Affairs is undertaking reviews of several significant policies and programs, including implementation of the renewed *Municipal Government Act*, the development and implementation of City Charters for Edmonton and Calgary, transformation of the province's Disaster Recovery Program, and improvements to the province's safety system, including developing a new builder licensing program.

Alberta's safety system is also impacted by increasing complexity. As buildings incorporate more advanced technology in their various systems, new code requirements are introduced to provide guidance on the safe and effective installation of these systems. Energy efficiency requirements are a major change for the construction industry, and the volume of knowledge expected from safety codes officers, building designers and others in construction will, by necessity, increase. This will, in turn, create challenges for the timely education, training, and quality delivery by safety codes officers.

The province is also dealing with the impacts of climate change, including the possibility of continued increases in extreme weather and disaster events. This will have a significant impact on the province's emergency prevention and mitigation, preparedness, response, and recovery programs and services, as evidenced by the 2011 Slave Lake Fire, the 2013 Southern Alberta floods, and the 2016 Fort McMurray wildfires. The Government of Alberta will continue to work with community partners, including local governments, industry and the public, to build resilience in Alberta's communities.

Increasing Expectations for Services and Capacity to Respond to Change

The province's population has grown significantly, and citizens and stakeholders expect a high level of engagement and service delivery from the Government of Alberta and municipal governments. The ministry is expected to work proactively in partnership with Albertans, communities, and stakeholders to address challenges and implement changes.

The implementation of the renewed *Municipal Government Act*, in particular, will bring new responsibilities and opportunities, including a key focus on municipalities working together through municipal partnerships to deliver more effective and efficient services to their communities. These changes will increase municipal workload and the workload of Municipal Affairs. Albertans have also expressed expectations for increased provincial oversight of local governments.

The economic downturn is continuing to impact the province, municipalities and all Albertans, and has had an impact on revenue for both provincial and local governments.

Municipalities are facing revenue shortfalls due to an increase in the number of property owners struggling to pay property taxes, and potential reductions in regulated assessment and market value assessment. Municipalities will be faced with covering the revenue shortfall from other taxpayers, reducing costs, recovering unpaid taxes through legislated processes, or a combination of all three. While the most significant impacts to date have been in rural municipalities where the majority of oil and gas properties are located, there has also been an increase in office vacancy rates in Calgary.

The reduced financial capacity will make it more difficult for the province and municipalities to meet the increased expectations for services.

OUTCOMES, KEY STRATEGIES AND PERFORMANCE MEASURES

Outcome One: Albertans live in viable municipalities and communities with responsible, collaborative and accountable local governments

The ministry supports the viability of municipalities by providing grants and other financial support, administering the Municipal Internship Program, providing training opportunities, conducting municipal reviews and inspections, and undertaking other advisory activities. The ministry also provides support through the Municipal Sustainability Strategy, which helps improve the long-term viability of municipalities across the province. Further, the ministry oversees the property assessment and tax system including the preparation of linear property assessments.

Key Strategies:

- 1.1 Work with municipalities to strengthen regional planning and service delivery through implementation of new mandatory Growth Management Boards in metropolitan regions and Intermunicipal Collaborative Frameworks in other areas of the province.
- 1.2 Implement approved amendments to the *Municipal Government Act*, develop new and updated regulations in support of the legislation, and support municipalities in adapting to new provisions strengthening accountability, transparency, planning, and sustainability.
- 1.3 Transition the assessment of designated industrial properties from municipal assessors to the Provincial Assessor.
- 1.4 Work in partnership with the cities of Calgary and Edmonton to develop and implement city charters that reflect the unique circumstances of these major metropolitan centres and provide the necessary tools to govern efficiently and effectively over the long term.
- 1.5 Provide funding to municipalities to help them meet their strategic long-term infrastructure needs, including supporting municipalities in reducing greenhouse gas emissions.
- 1.6 Enhance Albertans' access to public library resources by continuing to provide operating grants and invest in the province-wide library network.

Performance Measure(s) under Development:

Percentage of Alberta municipalities that are financially viable.

Outcome Two: A stronger system of standards ensuring quality infrastructure so that Albertans are safe in their homes and communities

In order to help ensure Albertans are safe in their homes and communities, the ministry oversees a safety system that includes codes, local delivery of fire and rescue services, and the administration of the New Home Buyer Protection Program.

Key Strategies:

- 2.1 Work to harmonize safety codes with national and international codes and ensure they are adopted in a timely manner.
- 2.2 Align the safety codes system to a quality assurance framework.
- 2.3 Implement the Fire and Search and Rescue Strategy for Alberta.
- 2.4 Develop a builder licensing program within the province.

Performance Measure	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
2.a Number of safety codes delayed more than one year before coming into full force	1	3	0	0

Linking Performance Measures to Outcomes:

- 2.a Provides information on how well the province is doing in terms of strengthening the system of standards by adopting codes in a timely manner.

Performance Indicator	Actual 2012	Actual 2013	Actual 2014	Actual 2015
2.a Loss (in dollars) per capita, to fires in a calendar year	125.9	127.47	103.64	138.96

Outcome Three: Albertans are better prepared for disasters and emergencies

To help Alberta's municipalities and communities better manage emergencies and disasters, the ministry provides a range of supports. Through the Alberta Emergency Management Agency (AEMA), the ministry maintains and staffs the Provincial Operations Centre to co-ordinate Government of Alberta response to emergencies and disasters. The ministry also works with Albertans impacted by disasters to assist in their recovery by completing and closing residential Disaster Recovery Program applications, as well as working with affected communities to support their long-term recovery. Further, the ministry continues to develop and enhance the capacity of its emergency management partners to plan for, and respond to, emergency and disaster events through policy development, outreach activities, and by providing training.

Key Strategies:

- 3.1 Strengthen the provincial emergency management framework.
- 3.2 Improve the Government of Alberta's response capability to major and widespread emergencies and disasters.
- 3.3 Support and transform disaster recovery activities and programs to improve the province's ability to recover from widespread emergencies and disasters.
- 3.4 Strengthen the Government of Alberta's business continuity program.
- 3.5 Ensure provincial 911 and emergency public alerting programs are in place to enhance public awareness and capability.

Performance Measures	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
3.a Percentage of communities (municipalities, First Nations, and Metis Settlements) that have been visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed ¹	n/a ¹	90%	90%	90%
3.b Percentage of residential disaster financial assistance files that have received 90 per cent of their estimated funding within 90 days of being determined eligible for Disaster Recovery Program compensation ²	n/a ²	90%	90%	90%

Notes:

¹ Last actual data is not available. Data collection for this measure began April 1, 2016.

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Linking Performance Measures to Outcomes:

- 3.a Provides information on how well the province and communities have partnered to create local emergency plans – where it is the local authority's responsibility to have emergency management plans in place and the AEMA's responsibility to have reviewed and provided feedback – that decrease a community's exposure to risk should an emergency or disaster occur.
- 3.b Provides information on how well the province is doing in terms of providing timely disaster financial assistance to impacted Albertans.

Outcome Four: Albertans and municipalities receive fair, timely and well-reasoned decisions on matters before the ministry's quasi-judicial boards

The Municipal Government Board delivers a quasi-judicial appeal process for assessment, land planning, new home buyer protection and other matters in Alberta.

Key Strategies:

- 4.1 Deliver an effective appeal process for subdivision appeals, inter-municipal disputes, annexation applications, linear and equalized assessment complaints, and other matters referred to the Board.
- 4.2 Provide board members and support to municipal Composite Assessment Review Boards.
- 4.3 Provide training and certification for Assessment Review Board members and clerks.
- 4.4 Further assess opportunities to amalgamate the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board, to reduce duplication and ensure efficiency.

Performance Measure	Last Actual 2015-16	Target 2017-18	Target 2018-19	Target 2019-20
4.a Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear, and equalized assessment appeals	84%	88%	88%	88%

Linking Performance Measures to Outcomes:

- 4.a Provides information on parties' satisfaction levels, which is thought to be most influenced by parties' perception of the fairness, timeliness, impartiality, independence and quality of Municipal Government Board proceedings and decisions.

Performance Indicator	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15
4.a Percentage satisfied or neutral regarding Municipal Government Board support to Municipal Composite Assessment Review Boards	100%	100%	97%	99%	100%

RISKS TO ACHIEVING OUTCOMES

- **Emergency and disaster recovery** (linked to Outcome 3) – Recent disasters, including the 2016 Fort McMurray wildfire, have demonstrated the challenges that government faces in order to scale up and down quickly to respond to, and recover from, emergencies. The capacity of the Government of Alberta, communities and Albertans to recover from disasters could deteriorate if several large disasters were to take place over the same time period.
- **Municipal and ministry capacity to respond to change** (linked to Outcome 1) – The implementation of a renewed *Municipal Government Act* is intended to evolve the local government system in Alberta, requiring adaptation and change management of both municipalities and the Government of Alberta. The transition to this new system by the fall of 2017 will require new skills, resources, and/or knowledge on the part of municipalities and the ministry to ensure effective implementation and meet increased demands for support.
- **Quality of the safety system** (linked to Outcome 2) – It is necessary to review the information currently available and provided through delegated entities within the Safety Codes System. The department is heavily reliant upon information from third party providers. This needs to be aligned to ensure information informs policy development, risk management, and accountability.
- **Development of City Charters with Edmonton and Calgary** (linked to Outcome 1) – Several risk factors have been identified regarding the development of the City Charters with Edmonton and Calgary, including: the risk of inadvertent impact on provincial rules and standards; the risk of impact of parallel processes and initiatives; and competing stakeholder perspectives.

STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)		Comparable			2017-18 Estimate	2018-19 Target	2019-20 Target
		2015-16 Actual	2016-17 Budget	2016-17 Forecast			
REVENUE							
Building Canada - Communities Component	155	-	279	-	-	-	
Other Transfers from Government of Canada	24,208	37,000	546,000	15,500	8,400	5,000	
Premiums, Fees and Licences	30,975	40,696	30,792	35,425	33,249	34,328	
Investment Income	713	215	215	120	60	30	
Other Revenue	80,145	5,012	15,334	11,480	14,230	12,760	
Federal Gas Tax Fund	208,114	219,083	220,245	222,036	229,516	229,516	
2013 Alberta Flood Assistance	(18,174)	-	-	-	-	-	
Ministry Total	326,136	302,006	812,865	284,561	285,455	281,634	
Inter-Ministry Consolidations	(11,914)	-	(10,000)	-	-	-	
Consolidated Total	314,222	302,006	802,865	284,561	285,455	281,634	
EXPENSE							
Ministry Support Services	15,746	18,167	17,667	16,901	18,029	19,718	
Municipal Services and Legislation	10,719	12,638	12,638	12,437	13,354	14,003	
Municipal Assessments and Grant Administration	14,214	17,058	17,204	25,771	27,714	26,364	
Municipal Sustainability Initiative	876,889	1,235,546	1,216,708	1,211,000	1,220,000	1,229,000	
Federal Grant Programs	264,624	293,083	294,803	253,036	246,316	239,516	
Grants in Place of Taxes	64,555	56,459	55,459	59,287	63,478	66,478	
Alberta Community Partnership	44,307	20,000	18,500	18,500	18,500	18,500	
Public Safety	14,244	16,721	16,537	19,247	19,909	20,265	
Alberta Emergency Management Agency	35,745	34,425	35,173	34,284	35,424	36,232	
Municipal Government Board	4,112	4,524	4,524	7,139	7,418	7,761	
Library Services	35,869	36,619	36,619	49,684	37,595	38,146	
Safety Codes Council	9,242	18,764	8,994	11,553	11,147	10,743	
2013 Alberta Flooding	23,622	18,052	18,052	-	-	-	
2016 Wood Buffalo Wildfire	-	-	739,459	2,478	1,063	-	
Ministry Total	1,413,888	1,782,056	2,492,337	1,721,317	1,719,947	1,726,726	
Inter-Ministry Consolidations	(225)	-	-	-	-	-	
Consolidated Total	1,413,663	1,782,056	2,492,337	1,721,317	1,719,947	1,726,726	
Net Operating Result	(1,099,441)	(1,480,050)	(1,689,472)	(1,436,756)	(1,434,492)	(1,445,092)	
CAPITAL INVESTMENT							
Ministry Support Services	802	85	85	85	85	85	
Municipal Services and Legislation	-	85	85	85	85	85	
Municipal Assessments and Grant Administration	351	847	847	3,847	847	847	
Public Safety	398	-	384	420	160	160	
Alberta Emergency Management Agency	764	2,000	436	4,000	2,000	1,800	
Safety Codes Council	688	858	357	2,191	3,861	175	
Ministry Total	3,003	3,875	2,194	10,628	7,038	3,152	
Consolidated Total	3,003	3,875	2,194	10,628	7,038	3,152	